

The Ecology Center respectfully submits the following comments.

The Ecology Center (EC), a membership-based non-profit environmental organization, has been working with the City of Ann Arbor to create opportunities to purchase green energy. The EC has intervened in the 2008 Detroit Edison rate case and is requesting the Michigan Public Service Commission (MPSC) create a new renewable energy tariff for Detroit Edison customers.

B. Specific Issues

(1) Should the Guides be revised to include guidance regarding renewable energy or carbon offset claims? If so, why, and what guidance should be provided? If not, why not?

The Green Guides need to be revised to include guidance regarding renewable energy claims made by energy suppliers.

This guidance is needed because Detroit Edison is sending misleading marketing materials to their customers in billing inserts. This marketing material includes references to purchasing renewable energy like the following claim:

“For example, 100 kilowatt-hours of renewable energy – which represents about 15 - 20 percent of a typical home's monthly electric usage – can be purchased for an additional \$2.50 a month.”

This claim leads customers to conclude that Detroit Edison will be making a “renewable energy” purchase. This misleading assumption, however, is incorrect. There are no renewable energy purchases, instead, Detroit Edison purchases renewable energy certificates (RECs). And there is no further disclosure provided with the marketing material.

Guidelines supported by enforcement need to be adopted by the Federal Trade Commission (FTC) requiring utilities disclose the type of product being sold (energy, RECs, or offsets) so customers are not misled.

The EC recommends that the FTC adopt rules which are based on the 1999 Association of Attorneys General Environmental Marketing Guidelines for Electricity (<http://www.naag.org/assets/files/pdf/GreenMarketing.pdf>). (1)

As noted on pages 6 and 7 of these guidelines --

“Using a tradeable certificates (or “tagging”) system to substantiate electricity product or company claims raises an additional and significant issue of consumer understanding and acceptance. To help consumers understand what they are buying, it is recommended that the claim be accompanied by a clear and prominent disclosure of the use of a tagging system to substantiate the claim.”

The EC suggests making the disclosure a requirement for all marketing material instead of a recommendation.

[a] What evidence supports making your proposed revision(s)?

Comments I have received from individuals who have been surprised to discover that their

purchase was used to buy RECs instead of renewable energy. This misunderstanding is due to Detroit Edison not disclosing the use of RECs in their marketing material while stating that renewable energy purchases can be made.

[c] What evidence constitutes a reasonable basis to support each such claim?

An electric utility selling customers “renewable energy” must purchase renewable energy (measured in kilowatt-hours which is transmitted to the utility's distribution system) in an amount equivalent to the amount of energy used by the customer as described in the Environmental Marketing Guidelines for Electricity (1). If the electric utility is not purchasing energy, but is instead purchasing renewable energy certificates (RECs) or carbon offsets, these products cannot be marketed as “renewable energy.” The utility must clearly disclose in all of their marketing material what they are purchasing – renewable energy, or RECs, or carbon offsets.

References

(1) “ENVIRONMENTAL MARKETING GUIDELINES FOR ELECTRICITY”, National Association of Attorneys General, Adopted Winter Meeting December 1 – 4, 1999, Scottsdale, Arizona.

Thank you for considering these comments. If you have any further questions or would like additional details, please do not hesitate to contact me.

Regards,

David Wright
Clean Energy Program Director